

PUGET SOUND EDUCATIONAL SERVICE DISTRICT
King County, Washington
September 1, 1992 Through August 31, 1993

Schedule Of Findings

1. Internal Controls Over Receipts For Clock Hours Classes Should Be Improved

Our review of the clock hour classes registration receipting and accounting function indicated inadequate internal controls were in place.

We noted the following weaknesses:

- a. Clock hour class registration payments are not tracked by a "receipt" number.
- b. For the specific clock hour class deposits we examined in detail, we noted eight registrations which we could not trace to a bank deposit.
- c. We noted payments received for a class held on July 1 that were not transmitted to the central cashier nor deposited until July 12.
- d. Checks are retained by the registrar, without being restrictively endorsed, until all payments for a class are received.
- e. Late or lump sum payments are deposited as miscellaneous clock hours and are not traced to individual attendees.

The effect of these weaknesses is the potential for misappropriation of receipts due to the lack of restrictive endorsements and untimely deposits, as well as inadequate accounting information and a lack of an audit trail for late or lump sum payments. Additional procedures appear to indicate that no funds have been misappropriated.

This situation appears to be the result of a lack of written policies and procedures for the receipting of clock hour payments, a lack of resources (personnel), and inadequate communication between the finance department and the staff development department.

We recommend district officials improve internal controls over receipts for clock hour classes registration by adopting formal written policies and procedures for the receipting of clock hour classes registration payments that will address the weaknesses noted.